

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3133

March 15, 2012

SUMMARY OF BILL: Requires that every newborn be tested for lysosomal storage disorders (LSD).

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$200,000/FY12-13
\$415,000/FY13-14 and Subsequent Years**

**Increase State Expenditures – \$925,000/FY12-13
\$314,800/FY13-14 and Subsequent Years**

Assumptions:

- Under current law, the Department of Health (DOH) is required to test every newborn for phenylketonuria, hypothyroidism, galactosemia, and other metabolic/genetic defects that would result in intellectual disability or physical dysfunction.
- According to DOH, the addition of LSD requires development of new tests for the Division of Laboratory Services. There is no FDA approved test method for dried blood spot testing for certain LSDs and the Division will be required to develop these tests using protocols developed in another state public health laboratory.
- To meet the requirements of this bill, the state's Newborn Screening Follow-up Program will require one additional nurse to perform follow-up on screening results received from the state lab from approximately 83,000 births per year. DOH would also need to develop guidelines and protocols for follow-up, modify the existing database for follow-up to add the new disorders, develop and print educational materials for providers and consumers, revise and re-print the newborn screening forms, educate providers, and develop new materials for the website.
- The state lab will require additional funds for a microbiologist, supplies, equipment, equipment maintenance, parts, and calibration.
- Recurring state expenditures associated with the Registered Nurse and Microbiologist positions and state lab supplies and equipment will increase by \$314,775 (\$97,400 salary + \$26,405 benefits + \$15,800 administrative support services + \$8,200 office lease + \$3,100 communications and networking + \$1,200 supplies + \$4,000 travel + \$88,670 lab supplies + \$70,000 lab equipment and software maintenance, parts and calibration).

- A one-time increase in state expenditures will be \$610,200 [\$540,000 for two tandem mass spectrometers + \$60,000 accessories (UPS, nitrogen generator, lab workbench) + \$5,400 office set-up + \$4,800 computers and printer].
- According to DOH, the cost of performing newborn screening tests is paid for by a fee, authorized by DOH Rule 1200-15-01-.05. The fee is collected from a birth hospital and is currently \$75 per specimen.
- The current fee will be increased to cover the additional cost of the LSD test equipment, reagents, personnel, and continuing test costs. DOH estimates that the fee will increase by \$5 per specimen.
- It will take six months for the purchase of equipment, supplies, test development and population study. As a result, DOH estimates that approximately 40,000 tests will be performed in FY12-13 and 83,000 tests will be performed in FY13-14 and subsequent years. This will result in an increase in state revenue of \$200,000 in FY12-13 (40,000 tests x \$5) and \$415,000 in FY13-14 and subsequent years (83,000 tests x \$5).
- There will not be a significant increase in state expenditures for DOH to promulgate rules and regulations.
- According to the Bureau of TennCare, newborn testing is part of overall newborn care billed to the managed care organizations (MCOs). Each MCO has hospital payment agreements that pay either a per diem or overall payment for newborn care and this bill would not change the payment.
- According to the Department of Finance and Administration, there will not be a significant increase in state, local, or federal expenditures associated with the State, Local Education, and Local Government plans, as the Department currently pays a bundled fee per birth to its health insurers and it does not anticipate any increase in the fee since the average testing fee per newborn will only increase by \$5.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/bos